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GLEASON PROPOSED AMENDMENT # 1

TIME/DATE PREPARED: 12:30p.m. / July 29, 2004

COMPANY: Pine Water Company

AGENDA ITEM NO. U-24

DOCKET NO. W-03512A-03-0279

OPEN MEETING DATE: August 3, 2004

Arizona Corporation Commission

DOCKETED

Water Loss

JUL 29 2004

Page 9, DELETE Finding of Fact 23.

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Page 11, INSERT new Finding of Fact 28 and Renumber subsequent Findings of Fact:

"28. The Settlement also requires Pine Water to submit within 180 days a detailed plan to address the company's 12.6% test year water loss. However, the Commission rejects the Settlement provision allowing Pine Water to justify why water loss exceeding 10% is acceptable because Pine Water's efforts to mitigate water loss would not be "practical" or "cost effective." Pine Water's witness testified that the water shortage was an "extreme circumstance." Pine Water even seeks Commission "guidance regarding the exploration of additional water supplies" and proposes we allow cost recovery for unsuccessful projects even before we know which projects Pine Water will pursue. Arizona is in a severe drought. Water is a precious resource and is in particularly limited supply in the Pine area. It is unacceptable that a utility would request that its customers pay the costs of a speculative chance for additional water but could determine that reducing existing water loss to within acceptable levels is not "practical." Pine Water's detailed water loss plan shall only address ways to reduce water loss to less than 10%."

Page 15, line 8-12, DELETE "Pine Water must provide a detailed explanation demonstrating why a water loss reduction to less than 10 percent is unnecessary, impractical and/or not cost-effective, after which time Staff will have an opportunity to review the Company's plan and make recommendations with respect to mitigating the Company's system water losses."